

Message Text

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ACTION OES-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 CIAE-00 DODE-00
NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 ACDA-12
AGRE-00 AID-05 CEA-01 CEQ-01 CG-00 COME-00
DLOS-09 DOTE-00 EB-08 EPA-01 SOE-02 DOE-11 FMC-01
TRSE-00 H-01 INR-07 INT-05 IO-13 JUSE-00 L-03
NSF-01 OMB-01 PA-01 PM-05 PRS-01 SP-02 SS-15
/136 W

-----124537 242230Z /41

O R 242120Z JAN 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC IMMEDIATE 5774
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY GEORGETOWN
AMEMBASSY MEXICO
AMEMBASSY PARAMARIBO
AMCONSUL MARTINIQUE

C O N F I D E N T I A L SECTION 1 OF 2 BRASILIA 0614

BRUSSELS FOR USEEC MEXICO AND COPENHAGEN FOR FISHATTS

EO 11652 GDS
TAGS EFIS BTRA BR
SUBJECT: US-BRAZIL NEGOTIATIONS ON JOINT FISHING VENTURES

REFS: A. STATE 016079 B. 77 BRASILIA 10255 (NOTAL)
C. BRASILIA 0111 (NOTAL)

1. SUMMARY. FONMIN HAS CONFIRMED FEBRUARY 14 DATE FOR SUBJECT
NEGOTIATIONS. REQUEST DEPT. ADVISE COMPOSITION OF DELEGATION AND
ITINERARY. FONMIN OFFICIAL FIRMLY STATED GOB WILL NOT DISCUSS NOR
ALLOW US FISHERMEN ACCESS TO SHRIMP GROUNDS OTHER THAN THROUGH
LEASING OR JOINT VENTURE AGREEMENTS. END SUMMARY.

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2. ENCONOFFS CALLED ON COUNSELOR CARLOS PEREZ, CHIEF OF
FONMIN'S BASIC PRODUCTS DIVISION, ON JANUARY 23 TO DISCUSS DATE
AND AGENDA FOR SUBJECT NEGOTIATIONS. PEREZ SAID HE HAD JUST SENT
DIPLOMATIC NOTE TO EMBASSY CONFIRMING GOB'S AGREEMENT TO BEGIN NEGO-
TIATIONS AFTERNOON OF FEBRUARY 14. NOTE RECEIVED AT EMBASSY JAN
24. BRAZILIAN DELEGATION WILL BE HEADED BY MINISTER CARLOS
AUGUSTO DE PROENCA ROSA, CHIEF OF FONMIN'S ECONOMIC DEPT. OTHER

MEMBERS WILL INCLUDE PEREZ, TWO OFFICIALS FROM SUDEPE (INCLUDING HORACIO ROSA) AND ONE OFFICIAL EACH FROM THE NAVY AND PLANNING MINISTRIES. (ACTION: REQUEST DEPT. ADVISE COMPOSITION AND ITINERARY OF US DELEGATION.)

3. PEREZ SAID GOB DID NOT PLAN TO ASK BRAZILIAN BUSINESSMEN TO COME TO BRASILIA FOR TALKS. ECONOFFS SAID US BUSINESSMEN, WHILE NOT PART OF OFFICIAL DELEGATION, WOULD CERTAINLY ACCOMPANY US OFFICIALS, AND SUGGESTED THAT ARRANGEMENTS BE MADE TO ALLOW FOR DISCUSSIONS BETWEEN US AND BRAZILIAN BUSINESSMEN. PEREZ REPLIED PERHAPS SUDEPE COULD ARRANGE A SITE FOR BILATERAL BUSINESS CONTACTS TO DISCUSS JOINT VENTURES.

4. AT ECONOFF'S REQUEST, PEREZ AGREED TO SUBMIT A DRAFT OUTLINE SCHEDULE AND AGENDA FOR TALKS FOR USG'S CONSIDERATION. PEREZ SAID GOB ANTICIPATED GENERALLY LIMITING SCOPE OF TALKS TO NEGOTIATING MODEL JOINT FISHING VENTURE AGREEMENT AND WOULD NOT BE PREPARED TO DISCUSS TECHNICAL POINTS SUCH AS AVAILABILITY AND COST OF FUEL, EQUIPMENT, LABOR, REPAIR FACILITIES, ETC. PEREZ STATED THAT APPROPRIATE FORUM FOR DISCUSSION OF THESE TOPICS WOULD BE IN BUSINESS CONTACTS. ECONOFFS RE-EMPHASIZED DESIRABILITY OF FACILITATING THESE BUSINESS CONTACTS DURING FEBRUARY TALKS.

5. IN REGARD TO THE AGENDA, PEREZ ADMITTED THAT ABOVE FONMIN NOTE DID NOT ADDRESS QUESTION OF CONTINUED US ACCESS TO BRAZILIAN

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SHRIMP GROUNDS OTHER THAN THROUGH JOINT VENTURE OR LEASING AGREEMENTS, ALTHOUGH EMBASSY, ON DEPT. INSTRUCTIONS, HAD INCLUDED THIS ITEM IN OUR NOTE OF DEC 12 (REF B). ECONOFF THEN ASKED PEREZ WHAT THE POSSIBILITY WAS OF INCLUDING THIS ISSUE IN THE AGENDA. PEREX SIMPLY REPLIED "NONE", ADDING THAT A DISCUSSION OF THIS POINT WAS A "COMPLETE IMPOSSIBILITY".

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O R 242120Z JAN 78
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C O N F I D E N T I A L SECTION 2 OF 2 BRASILIA 0614

PEREZ SAID GOB HAD ASSUMED THAT USG AND BUSINESSMEN UNDERSTOOD
OFT-STATED GOB POSITION, FIRST EXPRESSED AT FEB 1977 NEGOTIATIONS,
THAT BILATERAL AGREEMENTS ALLOWING FOREIGN-FLAG VESSELS ACCESS TO
SHRIMP GROUNDS WOULD NOT BE RENEWED IN ANY FORM IN 1978 AND WOULD
HAVE TO BE SUBSTITUTED BY JOINT VENTURE AGREEMENTS. ECONOFFS
CONCEDED THAT THIS POINT HAD BEEN MADE ORALLY SEVERAL TIMES,
BUT NOTED THAT NO OFFICIAL WRITTEN COMMUNICATION STATING THIS
POSITION HAD EVER BEEN PRESENTED TO USG. PEREZ DEMURRED, SAHING
HE PERSONALLY PREFERRED NOT TO SUBMIT WRITTEN NOTIFICATION, BUT
SAID THAT GOB SIDE WOULD RESTATE THIS POSITION AT OPENING OF
FEB 14 TALKS.

6. CONCERNING LEASING OF FOREIGN VESSELS BY BRAZILIAN COMPANIES,
PEREZ GENERALLY CONFIRMED SUDEPE INFORMATION REPORTED REF C THAT
EACH BRAZILIAN FIRM WOULD BE LIMITED TO LEASING A MAXIMUM OF
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30 ("OR LESS") FOREIGN BOATS AND THAT TOTAL NUMBER OF SHRIMP
BOATS, BOTH BRAZILIAN AND FOREIGN, TO BE ALLOWED IN NORTHERN
GROUNDS WOULD BE AROUND 250-- NOT 300, AS PREVIOUSLY REPORTED
BY SUDEPE OFFICIAL. PEREZ COMMENTED THAT TECHNICAL QUESTION OF
SURPLUS SHRIMP STOCKS AND MAXIMUM NUMBER OF SHRIMP BOATS ALLOWABLE
HAS NOT BEEN DEFINED AND IS A VERY SENSITIVE POLITICAL ISSUE
IN BUSINESS, GOVERNMENT, AND CONGRESSIONAL CIRCLES. ALL OF THESE
SECTORS AGREE, HOWEVER, THAT NO MORE FOREIGN FISHING ACTIVITY IN
BRAZILIAN CLAIMED WATERS OUTSIDE JOINT VENTURES OR LEASING
ARRANGEMENTS WILL BE ALLOWED.

7. ECONOFFS INQUIRED ABOUT DEGREE OF FOREIGN INTEREST IN LEASING
AND JOINT VENTURE SCHEMES, EXPRESSING CONCERN THAT INTERESTED
US FISHING COMPANIES MIGHT NOT GET FAIR SHARE. PEREZ SAID THAT NO
LESS THAN 8 COUNTRIES (INCLUDING SPAIN, SOUTH KOREA, JAPAN, AND

POLAND), BEYOND THE FOUR WITH WHOM BRAZIL PREVIOUSLY HAD BILATERAL AGREEMENTS, HAVE EXPRESSED INTEREST IN SIGNING JOINT FISHING VENTURE AGREEMENTS. AS FOR LEASING, PEREZ POINTED OUT THAT ONE US FIRM, CASTLE AND COOKE, HAS ALREADY SUBMITTED A PROPOSAL AND THAT ANY OTHER INTERESTED BUSINESSMEN, US OR OTHERWISE, HAVE ALSO HAD AMPLE OPPORTUNITY FOR PRELIMINARY DISCUSSIONS WITH BRAZILIAN FIRMS. PEREZ SAID THESE BUSINESS CONTACTS WERE OUT OF FONMIN'S BAILIWICK AND , AS FAR AS FONMIN WAS CONCERNED, THE QUESTION OF WHICH COUNTRY'S BUSINESSMEN SUCCEEDED IN OBTAINING LEASING AND JOINT VENTURE ARRANGEMENTS WAS SIMPLY A QUESTION OF BUSINESS COMPETITION. PEREZ DID NOT INDICATE IF PRIORITY CONSIDERATION WOULD BE GIVEN TO TRADITIONAL FISHING PARTNERS.

8. COMMENT. IT SHOULD BE NOTED THAT THE 250 MAXIMUM FIGURE CITED IN PARA 6 APPLIES ONLY TO SHRIMP BOATS FISHING IN THE NORTHERN SHRIMP GROUND (I.E., AREA OF THE FORMER US-BRAZIL AGREEMENT). PEREZ STATED THAT NO SIMILAR LIMITATIONS HAVE YET BEEN IMPOSED ON OTHER REGIONS OR SPECIES.
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